

Message Text

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54

ACTION ARA-20

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 SCEM-02 INT-08 DRC-01 /148 W

----- 117521

R 161315Z OCT 73

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 3920

INFO AMEMBASSY GUATEMALA

AMEMBASSY TEGUCIGALPA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

LIMITED OFFICIAL USE SAN SALVADOR 3889

E.O. 11652 N/A

TAGS: ENRG; XK; GT

SUBJ: PETROLEUM: ESSO'S VIEW OF ANTICIPATED GUATEMALAN PRICE INCREASE

S

1. HOBART GARDINER, HEAD OF ESSO'S CENTRAL AMERICAN REGIONAL OFFICE, REQUESTED THE CHARGE OF CONVEY ESSO'S REACTION TO THE PROPOSED GOG DECISION ON PETROLEUM PRICES TO OUR EMBASSY IN GUATEMALA AS WELL AS TO WASHINGTON. ESSO'S GUATEMALAN MANAGER INFORMED HIS REGIONAL HEADQUARTERS HERE HE ANTICIPATES A DECISION THE WEEK OF OCTOBER 22 FROM GOG ECONMIN ON PETROLEUM PRICE INCREASES, AS FOLLOWS IN U.S. CENTS PER GALLON: 6 CENTS RETAIL FOR PREMIUM GASOLINE; NO INCREASE FOR REGULAR; 2 CENTS FOR FUEL OIL; AND 8 CENTS AT THE REFINERY.

2. WHILE THE MINISTER WILL SAY THE INCREASES WILL PROVIDE RELIEF TO THE PETROLEUM COMPANIES, GARDINER WANTS IT UNDERSTOOD THAT ESSO CALCULATES ITS LOSSES UNDER SUCH PRICE MOVEMENTS AT ROUGHLY \$100,000 A MONTH. SALE OF PREMIUM IS MINOR AND

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EVEN THAT WILL DEMINISH AS THE MARGINE OVER REGULAR INCREASES.

GARDINER SAID ESSO AND GULF WOULD BE HARD HIT WHEREAS TEXACO,
CHEVRON AND SHELL, ALL IN REFINING ALSO, WILL LOSE LESS. GARDNER
REFLECTED THAT IN THE EVENT OF VERY POSSIBLE WORLDWIDE RATIONING
OF CRUDE OIL, ESPECIALLY DUE TO THE MIDDLE EAST CRISIS, COUNTRIES
WHICH BELIEVE THEY ARE GAINING IN THE SHORT-RUN BY
KEEPING PRICES UNREALISTICALLY LOW MAY FIND THEMSELVES AT THE
BOTTOM OF THE RATIONING LISTS. IN ANY EVENT, IF THE GOC'S CONTEMPLATE
D
DECREE IS ENACTED, ESSO WILL BE FORCED TO "STRIP DOWN" ITS GUATEMALAN
OPERATIONS IN SHORT ORDER.
MOSKOWITZ

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Message Attributes

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